

NEWS RELEASE

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SBA AGREEMENT WITH ECONOMIC DEVELOPMENT LENDERS WILL EXPAND EFFORTS TO REACH MINORITIES, WOMEN, OTHER NEW MARKETS

PHOENIX, AZ. – The U.S. Small Business Administration (SBA) and the National Association of Development Companies (NADCO) have agreed to work together to create new opportunities for start-ups, businesses in inner cities and rural areas, and women and minority-owned firms, SBA Administrator Aida Alvarez announced today.

“This agreement demonstrates in a very tangible way the strong commitment that NADCO and SBA have made to their ongoing partnership,” Administrator Alvarez said. “On behalf of the nation’s 23.5 million small businesses, I want to thank NADCO for its commitment to this effort. NADCO’s role as leaders of the country’s CDC lender network is the key to its success.”

“The small business community is increasingly diverse, and many groups – we call them New Markets – are having trouble getting the capital they need to start and expand their businesses,” Administrator Alvarez said. “This year, we have built the foundation for our New Markets Initiative and we have launched strategies that will help us to increase lending to New Market communities. We have signed partnership agreements with major organizations representing women and minority business owners, and we have redesigned our loan products to better fit the needs of the New Market communities. Today’s agreement with NADCO will help us in a very real way.”

NADCO is the trade association for Certified Development Companies, the community-based organizations that promote small business and job creation through SBA's 504 loan program.

The 504 Certified Development Company (CDC) Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.

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A Certified Development Company is a nonprofit corporation set up to contribute to the economic development of its community or region. CDCs work with the SBA and private-sector lenders to provide financing to small businesses. There are about 290 CDCs nationwide. Each CDC covers a specific area.

SBA's 504 loan program is one of the most successful economic development loan programs in recent government history. Since 1981, SBA CDCs have assisted some 15,000 businesses, which in turn have created more than 350,000 jobs. In FY 1998, the program delivered almost 5,000 loans for nearly \$1.8 billion.

Under the agreement, SBA and NADCO will cooperate in efforts to provide education, workshops, training and the sharing of "best practices" by Certified Development Company members that have proven themselves to be the most skillful in serving these businesses.

SBA and NADCO also will develop joint marketing initiatives with national minority, women-owned and other business associations, and will target redevelopment areas, such as Empowerment Zones and Enterprise Communities for special loan program marketing efforts.

The New Markets Initiative includes small businesses owned by minorities and women.

The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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